

STEP TO PUNISH COMPTROLLER IS TAKEN BY COURT

Judge Mayer Orders Inquiry
Into Craig's Letter to
Nixon.

MAY BE CONTEMPT CASE

Commissioner Outlines Eight
Points for Solution of
Traction Problem.

Whatever solutions of the various traction problems confronting the people of New York may have been expected from the conference yesterday between Public Service Commissioner Lewis Nixon and the representatives of the subway, surface and elevated lines were, at best, postponed.

Commissioner Nixon did succeed in bringing the traction men together in his office. They averred they came with open minds—ready to consider any reasonable suggestion that might tend to relieve the present situation. But no representative of the city administration was present and the already strained relations existing between the city and the Public Service Commission were rather aggravated by the introduction of a letter addressed to Commissioner Nixon by Comptroller Craig in which the Comptroller attacked the good faith of the conference and criticized the official acts of Federal Judge Julius M. Mayer in declining to appoint a representative of the city as correlative of the New York Railways and B. R. T. systems.

Before the day was over Judge Mayer had taken official cognizance of the Comptroller's communication and had directed United States Attorney Francis G. Caffey to furnish him with official information of what had been written by the Comptroller concerning "the orders and action of this court in a pending cause or causes."

Would Obedy Court Order.

Mr. Caffey would not say yesterday what might result except that his office would obey the court's mandate to investigate whether there had been any contempt of the Federal Court in Comptroller Craig's letter, which had been given out for publication to the afternoon newspapers before it had been drawn to the attention of Judge Mayer. The net result of the conference held in Commissioner Nixon's office and to which Mayor Hylan and all the other members of the Board of Estimate had been invited, was that Commissioner Nixon presented a tentative draft of a plan by which he hoped a solution of the many problems involving increased fares, perpetuity of franchises and the right of the city to have representation on the boards of the traction companies might be found. The plan, Commissioner Nixon explained, is based on eight points and was open to criticism, amendment and suggestions from every interested source.

The conference adjourned until Friday after it had been decided on the suggestion of representatives of the Interborough Rapid Transit Company to deal first with the problems involving the rapid transit lines—the subway and elevated—and deal with the surface lines separately. The entire traction problem will be discussed again at a further conference to be held October 15.

Comptroller's Letter.

After drawing attention to the fact that the Board of Estimate was busily engaged over the 1920 budget, the Comptroller's letter ran:

"Before any such conference can be seriously considered, and as an evidence of good faith on the part of those acting by and under the authority of United States District Judge Mayer, there must be a reversal of the policy for which Judge Mayer is responsible of denying to myself and other members of the Board of Estimate and Appointment any access to original sources of information concerning the property and affairs of those various public utility corporations holding franchises to operate in the streets of New York."

"When the applications were made to Judge Mayer in the 'friendly' proceedings instituted by those interested in these corporations to appoint a receiver of their own liking, if not of their own selection, the Corporation Counsel of the city of New York, acting under instructions from the Board of Estimate and Appointment, given at my instance, urged upon Judge Mayer that he appoint an additional or correlative representative to the Board of Estimate and Appointment, to see that the facts and conditions of the corporations involved were fairly and fully presented to the United States District Court in the course of the receivership, so that any orders or decrees that might be made by the court would be fair and just to the city of New York and the members of the Board of Estimate and Appointment might be accurately informed with respect thereto in order that any action

deemed necessary by the city might be taken."

"As you must be aware, it is a very common thing in large receiverships to appoint additional receivers, particularly where there are varied and conflicting interests, and I have never been able to understand why in a matter of great public concern such as this Judge Mayer should have refused to grant any of the relief sought by the city. He not only denied the relief, but he made orders which preclude any application being made by the municipal authorities to any other court or judge for any right of examination into the affairs or conditions of these corporations seeking municipal aid and favor."

Ascertainment of Truth.

"Truth is the mightiest weapon in every controversy. The orders of Judge Mayer deny to the municipal authorities the opportunity to ascertain the truth."

"The franchises and rights enjoyed by these corporations were mostly all procured many years ago when corrupt political rings were in control of public affairs and the darkest scandals of municipal history, both in the old city of New York and in the city of Brooklyn, were in the hands of the boldest and most unscrupulous manipulators engaged in the exploitation of the rights obtained from the corrupt political rings. Up to the present moment they have defied every power that has sought to open up the financial and general condition of the corporations for public search and examination in the public interest. They will open, and open wide, without any reservations or restrictions before there will be any conference so far as I am concerned."

"It seems to me a monstrous thing that an order of a Federal Judge in a city which is the seat of justice should deny to the public and the true owners of the public property such an order is hostile to every interest of the city of New York in these controversies. Its operation and effect is to disarm the municipal authorities, to deny them the most effective instrument of redress and to force them into a contest with corporate powers entrenched in darkness and concealment."

"The responsibility for the turmoil, delay and dissatisfaction that has followed upon the orders of Judge Mayer, denying to the city of New York any representation in these receiverships, rests upon those who procured and are protected by such orders."

"As a first and preliminary evidence of good faith those who desire such a conference and a reasonable solution of existing complications should procure the entry of orders by Judge Mayer putting the city of New York on an equal footing with the private interests active in the receiverships. A refusal to do this can be held as evidence of the controversy and it will not be the duty of the city to procure any advantage whatever to the traction interests."

Statements Hostly Combated.

Although reporters had been excluded from the conference before Comptroller Craig's letter was read, it was learned that the Comptroller's statements regarding the availability of information concerning the financial affairs of the traction companies, particularly the Interborough, were hotly combated by the representatives of that company present, and also of the New York Railways Company. Henry L. Stinson, counsel for Job E. Hedges, receiver of the New York Railways Company, was said to have been particularly severe in his characterization of the Comptroller's statements, and he is credited with having first drawn Judge Mayer's attention to the contents of the letter.

Within an hour after the letter had been presented to the conference Judge Mayer issued the following order to United States Attorney Caffey:

"It is hereby ordered that the United States Attorney advise the court by formal information concerning the conduct of one Charles L. Craig in October 6, 1919, at which time he is reported to have published or caused to be published a written communication addressed to the Hon. Lewis Nixon, Public Service Commissioner, No. 49 Lafayette street, New York city, concerning the orders and action of this court in a pending cause or causes."

"United States District Judge."

Among those who attended the conference at the invitation of Commissioner Nixon were Frank Hedley, vice-president and general manager, and James L. Quackenbush, general counsel of the Interborough Rapid Transit Company; Job E. Hedges, receiver of the New York Railways Company; C. M. Owen and Frederick P. Rooper, representing the B. R. T.; Brainerd Tolles, counsel for the receiver of the Second Avenue Railway Company; James R. Sheffield, trustee of the Interborough Consolidated Corporation; J. Sherlock Davis of the Brooklyn Chamber of Commerce; Alfred T. Davidson, counsel for the Third Avenue Railway Company; Robert Porter, general manager of the Brooklyn City Railroad Company, and Mr. Stinson.

Explanation by Delaney.

John H. Delaney, who was formerly Commissioner of Plant and Structures under Mayor Hylan and is now Commissioner Nixon's colleague in charge of the problems confronting the city, in the absence of any members of the city administration to point out that the members of the Board of Estimate were busily engaged over the budget and that problems connected with salary increases for city employees might well have operated to keep them away from the conference even if they had desired to be present.

This explanation, however, was received without enthusiasm by the traction men present. It was pointed out that charges had been made time and time again by members of the Administration that the traction men were not anxious to come out in the open and discuss the problems confronting the city. One of the conferees summed up the situation this way to a representative of the Sun:

"We have repeatedly charged that we were not willing to discuss the traction situation with them. The truth is that we have repeatedly offered and are offering to do so. The members of the Board of Estimate are not all engaged in making up the budget, and in any event there is the Corporation Counsel, who is not a member of the Board of Estimate, who is not all engaged in safeguarding the city's interests if such was thought necessary in order that things might have got under way. As far as we are concerned, the city officials are the real obstructionists in finding a solution for the problem."

Nixon's Eight Points.

The eight points upon which Commissioner Nixon hoped to establish an understanding between the various interests involved as outlined by him yesterday were:

- "1. Each of the present railroad systems to be simplified by the consolidation or merger of its constituent companies into one railroad corporation and if possible a unified control of all systems brought about. Any settlement must take into account the competitive situation. A course should be shaped by what the city will reasonably expect to do, as any rearrangement requiring a uniform fare (except for isolated systems) should be based upon a wisely founded municipal policy."
- "2. All holding companies (not railroad companies) should be abolished."
- "3. Perpetual franchises securing long time rights to the streets should be replaced by terminable or indeterminate franchises."
- "4. There should be at once instituted by the city, under conditions of unquestioned equity in findings, a valuation or appraisal of properties."
- "5. All leases and underlying contracts to be terminated."
- "6. The city to have the option of acquiring the properties within a fixed period at the agreed valuation plus the actual cost of additions, extensions and improvements. It may be desirable to amortize the purchase price out of earnings."
- "7. A flexible fare to be instituted, automatically adjusted to meet the cost of service. The cost of service to be fixed as to cover reasonable return on money paid in, the rates paid on such investments to be those warranted by fixed rather than speculative return. A surplus fund to control variation in rates. Modification requiring a fraction of a cent to be effected through tickets sold in books, the full cent above being levied on the occasional traveler."
- "8. The city to have a representative on all boards."

Memorandum Filed.

Commissioner Nixon points out in a memorandum supplementing his basic points certain observations. These include the following:

"That if the city relinquished the restriction heretofore imposed and permitted an increase of fare beyond 5 cents the companies should be willing to relinquish certain things in return, including their perpetual rights in the streets. He carries the suggestion even further by saying that the city should use 'what is now an unreasonable restriction to compel the companies to give up unjustifiable privileges.'"

To further action on his proposed plan Commissioner Nixon recommends the creation of three committees—a committee on unification, a committee on differentials and guaranteed payments and a committee on final contracts, each of which shall include a representative of the city. In conclusion Commissioner Nixon said:

"In my mind there is no question but that the city should be free to determine such transportation policies as may seem

best. This, of course, to be consistent with such regulation of service as by statute is delegated to the Public Service Commission, which should possess an expert organization fitted to control service, rates and capitalization."

"As to my personal views, I am anxious to see, as already stated, a unified control of all systems into one (except isolated and non-feeding lines). This, of course, can be more surely brought about by the city, but it is not a solution which might be a difference in fares in case of several systems."

"If the city Government refuses to negotiate and takes the position that the full measure of concession by the companies must be stated in advance a longer time will be necessary, but this does not mean that a solution will not be found and put into effect."

HALTS BILL RAISING
RANK OF CROWDER

Chamberlain Wants Eleven
Other Generals Honored.

Special Despatch to The Sun.

WASHINGTON, Oct. 6.—The proposal to confer the rank of Lieutenant-General on Gen. Enoch H. Crowder, father and administrator of the draft law, at the time of his retirement from the army was fought sharply in the Senate today. The bill, reported by the Committee on Military Affairs, was called up by Senator Knox (Pa.) and Senator Chamberlain (Ore.) immediately started an opposition. He attacked the claims of Gen. Crowder to such special distinction as against many other deserving officers, and introduced an amendment to confer the same rank under the same conditions on a half-dozen of other officers whom he described as equally deserving. The contest developed such proportion that it had to be laid aside until officers who have done distinguished service in the late war should be added after the name of Gen. Crowder in order that all of them might on retirement receive the rank of Lieutenant-General, and the accompanying emoluments. This list included Major-General Liggett, Fuller, McAndrews, Harbord, Hines, McNair, McNair, Bullard, Rogers, Langfitt and Leonard Wood.

STATE INSURANCE LESS BY \$20,000,000

Archer Says Employers Paid
Vast Sum Unnecessarily to
Private Companies.

CHANGES IN LAW URGED

Compensation Fund Inquiry
Reveals the Mutilation of
Official Records.

Testimony tending to show the advantages of an exclusive State compensation insurance, compelling all employers to insure under the State fund instead of leaving it optional with them to carry their risks with the insurance companies, was offered yesterday before Commissioner Connor, who is investigating the affairs of the State Industrial Commission at the City Hall. William C. Archer, deputy commissioner, in charge of the Bureau of Workmen's Compensation, and Bernard L. Shientag, counsel for the commission, both testified as to the desirability of such an amendment to the law, the former from the point of view of a comparison with the Ohio law and the latter as to the administrative advantages.

Loring D. Jones, chief of the claim division of the State fund, testified to the recent mutilation of a record book in his office. A number of pages of a rough record book had been torn out, he said.

State Insurance Cheapest.

Miles M. Dawson, in examining Mr. Archer as to the cost of insurance in the State fund as compared with the rates of the stock companies, said:

"Mr. Archer, if the premiums in the

stock companies in the State of New York since the Workmen's Compensation act went into effect up to and including December 31, 1917, were \$28,842,898.77, then how much would have been saved by their having been insured in the State fund on the basis of the saving averaging about 25 per cent, as you have already testified?"

"It would be something over \$12,135,000," Mr. Archer replied.

"In other words, the employers of this State have paid out then more than \$12,000,000 more than the insurance needed to cost had it been carried in the State Insurance Fund?"

"Up to the end of 1917. Yes, sir; up to date I should say is \$20,000,000."

The cost of insurance under the provisions of the Ohio law would be about 70 per cent. of the cost under the New York plan, Mr. Archer testified.

Mr. Shientag offered the following statement regarding the prosecution of persons liable under the State Workmen's Compensation Act who have not insured:

"Almost the first thing that I did when I became counsel to the Industrial Commission was to call the attention of the commission to the fact that the steps taken to secure compliance with the law in that respect were entirely insufficient. We had one investigator to handle all non-insurance prosecution. When I came there was only one non-insurance prosecution pending. I had been informed that there were no more than six cases of this nature brought for the year back, the entire year. In other words, the criminal penalty for failure to carry insurance that the law required was practically not enforced at all."

In reply to a question from Mr. Dawson, the witness said that he did not think that automatic insurance under the State fund would help unless a large force of inspectors were employed to make sure that all affected employers complied with the act. With an exclusive State fund system and the payment of premiums enforceable in the same manner as taxes he thought there would be little difficulty in collection and the position of those entitled to compensation would be greatly improved.

The hearing will be continued this afternoon.

LEGION BILL HAILED AS GREAT VICTORY

Only Association of Kind So
Honored by Congress.

Henry D. Lindley, chairman of the national executive committee of the American Legion, yesterday sent a bulletin to the State branches and 5,000 local posts of the organization throughout the country explaining the significance of its incorporation in a bill passed by Congress and signed by President Wilson during his recent Western tour.

"A great victory for the American Legion has been won," says the bulletin, "by the passage in Congress of the Wolcott-Johnson bill, to which President Wilson has affixed his signature, officially incorporating the American Legion as the national organization of American veterans of the great war. No other association of this kind has ever been thus honored by Congress in the history of the United States."

"The Legion is removed irrevocably from party politics by that section of the bill which provides that the organization shall be non-political and, as an organization, shall not promote the candidacy of any person seeking public office."

Although Mrs. Charlotte T. Ackerman, a widow, left an estate valued at upward of \$250,000 at the time of her death in February, 1917, during the latter years of her life she adhered rigidly to a self-imposed rule that her expenses for food should be kept within a maximum limit of 75 cents a day.

Details of the unique management of her household at 311 West Eighty-seventh street were disclosed in a report filed yesterday in the Surrogate's Court by James A. Donegan of 5 Beekman street, referee.

WEALTHY WOMAN SPENT 75c. DAILY

Details of Life of Mrs. Charlotte Ackerman Disclosed.

Mrs. Ackerman died at the age of 44 years. For many years previous she had lived alone as far as relatives were concerned. She had two servants who procured their meals and sleeping accommodations outside her house. Her only charge accounts were for laundry, gas, according to the referee's report.

Mrs. Ackerman owned, in addition to her eighty-second street house, property on West Twenty-fourth street and on Thirty-third street, Morningside street, Riverside Drive. Her estate was bequeathed to two sons, Dr. Charles A. Ackerman, a physician, and James Young Brush, an architect, who dropped the family name by legal process.

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